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2026 Financial Results and Operating Review

ANNOUNCEMENT **31 AUGUST 2026**

Australian Agricultural Projects Limited (**Company**) (ASX: **AAP**) is pleased to present its report for the year ended 30 June 2026.

Trading result

The Company recorded a profit after income tax of $782,919 for the year ended 30 June 2026 (2025: $1,960,060), a result which was ahead of management's expectations. The key components of this trading result include:

- The 2026 harvest, which was completed in the first week of July, yielded a total of 639,900 litres (2025: 752,600 litres). This was a pleasing result which was at the top end of management's expectations in what was an "off" year in the biennial production cycle of the orchard.
- This harvest resulted in total revenue from lease and management fees of $1,130,738, derived from the projects the Company manages a reduction from the previous year as the Company now farms, for its own benefit, that portion of the orchard that was previously leased to the first Victorian Olive Oil Project. This is the first year that the Company has farmed any part of the orchard on its own account and it generated a net benefit of $2,362,254.
- Funding costs continued to decrease, being $402,750 compared to $446,271 last year. This is due to structured principal repayments during the year and is a pleasing result despite a period of increasing interest rates.
- Depreciation expense of $879,001 (2025: $784,858) includes depreciation of the olive trees amounting to $564,771 (2025: $557,009).

Cash flows

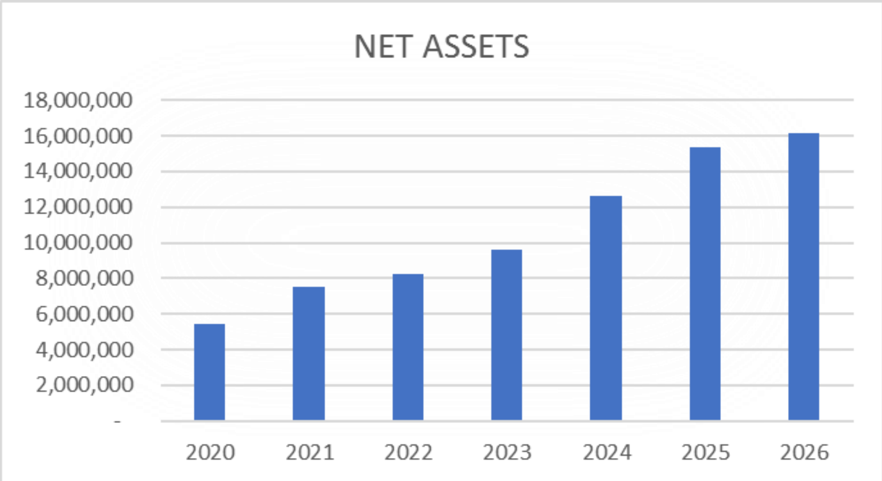
The Company's net cash flows from operations this year amounted to a surplus of $1,593,254 (2025: surplus of $929,850). This result was driven largely by the cash receipts arising from the 2025 harvest.

This surplus was directed towards the purchase of the irrigation interests from the Victorian Olive Oil Project, as well as the overhaul of the control systems on the two Company-owned harvesters. In addition, the Company reduced its loan debt by $539,000.

The Company intends to continue this trend of reducing core Company debt.

Balance sheet

The resilience of the Company's balance sheet continues to improve. This strategic corporate objective is nearing completion after several years involving the raising of fresh equity, the replanting of a large portion of the orchard and the cost of bringing those trees into commercial production, followed by a period of debt reduction. This improvement is reflected in the graph below.



The Directors recognise the practical achievement of the strategic milestone of rebuilding the resilience of the balance sheet following the replanting of approximately 200 hectares of trees after the removal of the Barnea variety. The Company is now reviewing a range of strategic options on how best to use this improved balance sheet for the benefit of shareholders.

The cessation of the lease to Victorian Olive Oil Project has also seen the balance sheet reconfigured. All orchard assets are now classified as property, plant and equipment in fixed assets and depreciated appropriately. One consequence of this is that the fair value of the orchard assets is no longer recorded on the balance sheet. To ensure this information is available to the Company and shareholders, the Directors have a policy of seeking an independent valuation every three years. The next valuation is due in 2027 and will be reported to shareholders.

The olive orchards

Operations

The orchard is in good health following what management considered to be the most efficient harvest in recent years.

The aim of the orchard management team continues to be a low-cost producer of quality extra virgin olive oil. This objective is achieved by performing as much of the orchard maintenance, harvesting and processing in-house, with minimum reliance on external contractors unless specialist skills or equipment are required. Contract labour is used as necessary for the few labour-intensive tasks at the orchard.

The specific objectives for the orchard management team over the last year were:

- The improvement and reliability of the harvesting and processing equipment to ensure that the capacity exists to efficiently deal with the increased crop loads expected over the next few years; and
- Refining the management systems of the replanted portions of the orchard in order to reduce operating costs and risks.

The first of these two objectives was clearly satisfied this year. The overhaul of the control systems on the Company-owned harvesters has significantly improved their reliability and efficiency to such a level that the annual harvest was completed within a reasonable timeframe. Furthermore, the new olive washing machine and conveyors installed in the processing shed removed the principal bottlenecks in the fruit handling system. These two improvements have given the orchard management team the confidence that the business now has the capacity to harvest and process in a timely manner the increased fruit yields expected in the next few years.

Work continues on refining the management systems of the replanted portions of the orchard. These areas are planted at a density of 1,000 trees per hectare compared to the original plantings, which previously were at 333 trees per hectare. Management is confident that managing these higher-density areas will be simpler and less costly than the balance of the orchard, although the training regime for the trees subsequent to reaching maximum canopy has yet to be proven. Interestingly, these high-density trees cropped especially well this season in what was an "off year" at the orchard, following their poor performance in 2025 due to the September 2024 frost event.

Orchard operations were impacted in early March by minor flooding across the orchard resulting in the orchard being largely untrafficable for a short period of time and some trees being under water for several weeks. The flooding did result in water savings as minimal irrigation was required after the flooding and before the preparation for harvest in the middle of April. Climatic conditions for the season were otherwise good, albeit drier than average prior to the March flood and in general, a cooler than average summer and autumn.

This coming year, the focus of the orchard management team will be to:

- Continue refining the management systems of the replanted portions of the orchard in order to reduce operating costs and risks;
- Review and plan the rebuild of the control systems of the irrigation system with a view to simplifying its operation and providing long-term water and energy savings; and
- Expand the inventory of spares carried on site in order to further mitigate the consequences of mechanical failure during the season, and especially during the critical harvest season.

Harvest

The annual harvest was completed in the first week of July and yielded 639,900 litres (2025: 752,600 litres). This harvest result was at the top of management's expectations and should be considered in the following context:

- 2026 was an "off year" in the natural biennial production cycle of olive oil yield;
- A better comparative production year is 2024, in which 551,500 litres were produced, as it was the previous "off year"; and
- There are still 54 hectares of the replanted portion of the orchard that have yet to reach mature production.

The total harvest is summarised as follows:

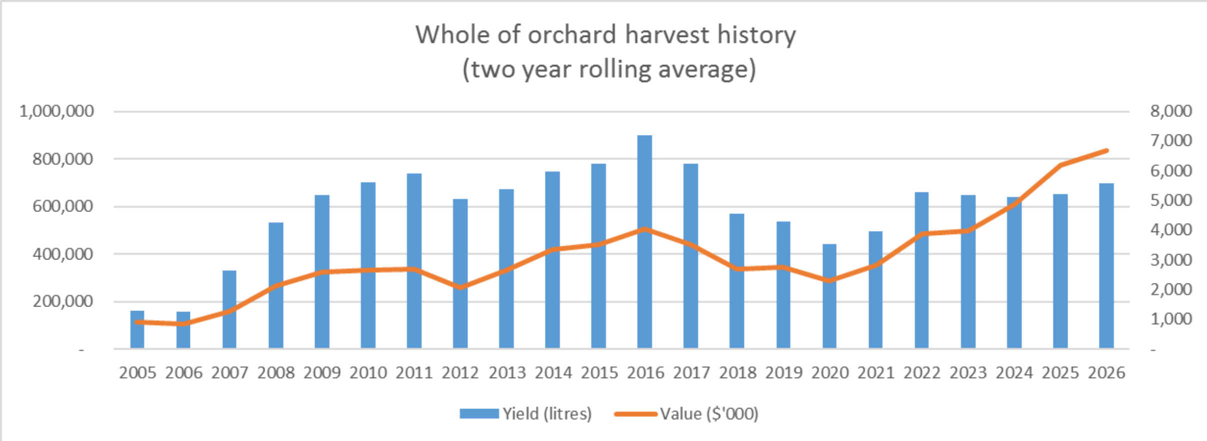
Project	Planted	Size	2026 Harvest (Litres)
Company farmed (Previously VOOP I)	2002	285 hectares	428,100
VOOP II	2003	118 hectares	137,400
Peppercorn	2006	108 hectares	74,400
		Total	**639,900**

Testing of the oil to date has confirmed that the majority of this season's oil produced is of a high quality and will be supplied to Cobram Estate Limited (Cobram) in support of the Cobram Estate and Red Island retail brands of extra virgin olive oil. A small portion of final production, which was limited to several areas that ripened more quickly than other areas of the orchard as a consequence of very light fruit yields, has been classified as virgin olive oil. This grade of oil is now also included under the extended Olive Oil Supply Agreement. In addition management reports that it has been approached by several other purchasers willing to purchase virgin oil. The team is confident this lower grade oil will be sold.

Of particular interest this year was the yield from that part of the orchard that was impacted by the frost event in September 2024. These trees had a disappointing 2025 harvest but recovered well to become the highest-yielding trees in the orchard.

The cooler-than-average climatic conditions across the season, especially in the period after flowering and fruit set, resulted in lower-than-average oil accumulation in the fruit. Had oil accumulation been closer to the historical average, the orchard management team has estimated that the fruit may have yielded an additional 10–15% more oil.

The Company considers the better way to view the orchard's history is on a two-year rolling average basis, as this averages out the biennial nature of the annual harvests. The graph below summarises the whole orchard's harvests by volume and value of oil produced since the establishment of the orchard.



Orchard management's outlook for the forthcoming harvest, which is expected to be an "on year', is that it should be greater than this year's harvest as well as that of 2025 (the most recent "on year"). The Company is proceeding with an initial harvest budget in the region of 800,000 to 870,000 litres, which will be refined by the orchard team later this year after flowering and fruit set in November. As always, the harvest will depend on general climatic and growing conditions during the season. The Company will continue to report each significant event, such as flowering and fruit set, as well as indicators of oil accumulation through its quarterly reports.

Price

The Company sells its oil through an Olive Oil Supply Agreement with Cobram Estate Limited. The pricing mechanism in this agreement refers to a farm gate price of oil which is ultimately derived from the average price which Cobram Estate is able to sell packaged olive oil in the Australian market. The term of this agreement, which was due to expire after the 2025 harvest, has been extended for a minimum of a further five harvests.

The retail shelf price for extra virgin olive oil increased significantly in late 2023 as a consequence of poor harvests in the principal European growing regions – particularly Spain. This resulted in a severe shortage of quality olive oils and bulk prices reached historical highs. Over the past two seasons, the European harvests have normalised and the international bulk price has returned to more normal levels. Management have not yet noticed this change flow through to a significant reduction in the retail shelf price for oil although there has been an increase in promotional activity and onshelf discounting. The management team will continue to monitor these trends.

Operating costs

The operating costs at the orchard for the past year were greater than in previous years, largely due to:

- increased volatility in fertiliser and diesel prices due to continued geopolitical unrest in the major producing regions, specifically Russia and the Middle East;
- increased water prices due to the dry conditions leading to lower-than-normal water allocations; and
- continued upward pressure on the cost of contract labour.

As noted above, the Company strives to be a low-cost producer of extra virgin olive oil, and the management team continues to be highly cost-conscious in the execution of its activities.

MIS Project Leases

The first term of the leases, which are the foundation of the two managed investment schemes operated by the Company, concluded on 1 July 2025, effectively following completion of the June 2025 harvest. The growers in each of these projects had an option to extend their lease for a further 25 years.
The growers advised their intentions prior to the conclusion of the lease term, with the following results:

- No growers in the Victorian Olive Oil Project (VOOP – 285 hectares) exercised their option to extend the term of their lease; and
- All growers in the Victorian Olive Oil Project II (VOOP II – 118 hectares) exercised their option to extend their lease for a further 25-year term.

As a consequence, the lease over the VOOP project has terminated and the Company has commenced farming this portion of the orchard for its own benefit. This decision has required the Company to acquire the residual irrigation interests from growers in the project for an amount of $783,750. This purchase was funded from operating cash flows. The MIS project will continue to operate until all funds from the 2025 harvest and the sale of the growers' irrigation interests have been distributed. This process includes the annual reconciliation of the volume and price of the oil sold to Cobram Estate which has only recently been completed. Following the distribution of those proceeds, the operations of the project will cease and the responsible entity will apply to wind up the project.

The second project, Victorian Olive Oil Project II, will continue as it has for the previous lease term. The Company is conscious that the licensing regime and compliance costs associated with the operation of a single 118-hectare MIS project are significant and, as a consequence, is again reviewing alternative structures for the project that may be more efficient for both the growers and the Company.

The Biennial production cycle of Olive Trees

An understanding of the biennial nature of production from Olive trees is important to the understanding of our business. Olive trees follow a biennial production cycle alternating between years of high and low fruit yields. We refer to these as “on” and “off” years and the orchard management team plan and design our orchard activities with this variation in mind. The oil produced in any one year is generally sold over the next ten months.

With regard to the portion of the orchard that the Company farms for its own benefit, Australian Accounting Standards require the value of the harvest to be recorded at fair value at balance date which is typically shortly after the annual harvest is completed. The difference between this fair value at the end of harvest and the production costs incurred is recorded in profit and loss. Prior to harvest, these costs are recorded as a biological asset, being an indication of the increasing value of the orchard asset as these costs are incurred

These operational circumstances can create volatility in the reported profit and cost of sales not always reflecting the underlying agricultural production costs. Further, as the cash benefit of any one harvest are received in the year after the harvest, the reported operating cash flows in any one year will be influenced by the previous year’s harvest and not necessarily the current year’s profit.

This summary outlines the various operational and financial implications of the biennial production cycle of Olive oil to augment an understanding of these financial statements.

Appreciation

As always, the Company continues to rely on a small team which manages the orchard and produces cost effective results. The Directors take this opportunity to record their appreciation for their ongoing efforts as well as the continuing support of our shareholders.

This announcement was authorised for release by the Board of Directors of the Company.

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